(b) whether it is a fact that most ships ready for demolition are headed towards Bangladesh;

(c) if so, the reasons therefor; and

(d) the steps Government propose to take to revive the ship breaking industry?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) and (b) Yes, Sir.

(c) The main reasons for decline of this industry in the country are:-

(i) The prices of old ships for demolition in the world market have gone up from US $ 150/pmt to 385/pmt during last five years whereas prices of steel scrap have not risen to the same extent in India.

(ii) Due to recovery of the global economy and rise in the freight rates, it is more economical to ply ships than to demolish them.

(iii) Due to favourable tax structure in Bangladesh, the industry is facing severe competition from Bangladesh.

(iv) Less stringent implementation of ships recycling regulations in Bangladesh has resulted in shifting of tanker business to Bangladesh.

(v) Creation of fresh capacity of low cost raw material *viz.* sponge iron for use in manufacture of re-rollables by mini-steel plants has further added to the price war of re-rollables.

(d) Necessary steps are being taken in consultation with Ministry of Finance for reviving the industry.

POSCO's involvement in Iron-Ore Export

1952. SHRI B.K. HARIPRASAD: Will the Minister of STEEL be pleased to state:

(a) whether, while seeking approval of the Centre for the POSCO steel project involving an investment of Rs. 51,000 crores, the Orissa Government has furnished all relevant background of the foreign investors, for a critical evaluation by the Centre;

(b) whether POSCO of Korea had earlier explored setting up of a mega steel plant in Brazil and China, if so, whether both the countries declined to oblige POSCO to have captive iron ore lease; and

(c) whether POSCO has secured the State Government's commitment to export a part of the ore against national interest?

THE MINISTER OF STEEL (SHRI RAM VILAS PASWAN): (a) POSCO has signed a Memorandum of Understanding with the Government of Orissa on 22.06.2005 to set up a steel plant of 12 million tonnes per annum capacity. As the steel industry is delicenced and deregulated, no prior permission of the Union Government is required to set up steel plants in the country except for certain locational restrictions. Similarly, 100% foreign direct investment is allowed in steel sector and is under automatic route. The Ministry of Mines is yet to receive any proposal for grant of prospecting licence or mining lease for iron ore.

(b) Various options are explored by project authority while conceiving a project. The details of options explored by POSCO prior to entering into a Memorandum of Understanding with Government of Orissa are not available with the Government. The Government of Orissa has also informed non availability of any such information.

(c) No, Sir.

Export of Iron Ore

1953. SHRI AJAY MAROO: Will the Minister of STEEL be pleased to state:

(a) the policy of Government with regard to the export of iron ore and other important minerals;